

GREEN RIVER MEDICAL CENTER

Financial Statements --- May 31, 2005

(With Independent Certified Public Accountant's Report Thereon)

Lane K Peterson
Certified Public Accountant

GREEN RIVER MEDICAL CENTER
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INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT'S REPORT

To the Board of Directors
Green River Medical Center

I have audited the accompanying statement of financial position of Green River Medical Center (a non-profit organization) as of May 31, 2005 and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Green River Medical Center as of May 31, 2005 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated September 22, 2005, on my consideration of Green River Medical Center's internal control over financial and on my tests of its compliance with certain provision of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

Salt Lake City, Utah
September 22, 2005

GREEN RIVER MEDICAL CENTER
Statement of Financial Position
May 31, 2005

ASSETS

Cash	
Accounts receivables	\$ 51,877
Inventory	75,980
Prepaid insurance	13,041
Prepaid rent	3,715
Furniture and equipment	20,833
	<u>115,399</u>
TOTAL ASSETS	<u>\$280,845</u>

LIABILITIES

Accounts payable	\$ 46,509
Accrued compensated absences	9,970
Accrued payroll taxes	<u>2,016</u>
TOTAL LIABILITIES	<u>58,495</u>

NET ASSETS

Unrestricted	199,624
Permanently restricted	<u>22,726</u>
TOTAL NET ASSETS	<u>222,350</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$280,845</u>

The accompanying notes are an integral part of these financial statements.

GREEN RIVER MEDICAL CENTER

Statement of Activities

For The Year Ended May 31, 2005

UNRESTRICTED NET ASSETS:

Support

Contributions - Local government	\$ 43,000
Contributions - Individuals	7,459
Grants from governmental agencies	309,962
Grant for Recruitment and retention	3,220
Grant for Diabetes	2,421
Grant for Immunization	10,058
Grant for Women's Health	3,000
Program service fees	223,798
Interest income	375
Welfare and Medicaid contractual adjustments	<u>(52,084)</u>
	<u>551,209</u>

Expenses

Program services

Bad debt	5,733
Medical	168,666
Laboratory	6,516
X-Ray	2,420
Behavioral	87,871
Pharmacy	9,154
Other Health	1,564
Dental	46,589

Support services

Administration	130,397
Facility	67,510
Patient records	<u>34,741</u>

561,161

(DECREASE) IN UNRESTRICTED NET ASSETS

(9,952)

PERMANENTLY RESTRICTED NET ASSETS

Expenses

State of Utah Grant depreciation

(2,811)

(DECREASE) IN PERMANENTLY RESTRICTED NET ASSETS

(2,811)

(DECREASE) IN NET ASSETS

(12,763)

NET ASSETS AT BEGINNING OF YEAR

235,113

NET ASSETS AT END OF YEAR

\$222,350

The accompanying notes are an integral part of these financial statements.

GREEN RIVER MEDICAL CENTER

Statement of Functional Expenses
For The Year Ended May 31, 2005

	Program Services						Total
	Medical	Laboratory	X-ray	Behavioral	Pharmacy	Other Health	
Salaries	\$ 14,068	894	566	-	854	977	22,074
Payroll taxes and fringe benefits	21,896	300	189	-	289	333	23,376
Total Salaries and related expenses	35,964	1,194	755	-	1,143	1,310	45,450
Physicians and Mid Level	115,493	-	-	22,917	-	-	138,410
Dentist	-	-	-	-	-	-	28,750
Contractual	-	-	-	-	-	254	254
Sub recipients	-	-	-	64,954	-	-	64,954
Supplies	11,861	-	1,363	-	7,921	-	29,890
Lab	-	-	-	-	-	-	3,838
Readings	-	5,232	141	-	-	-	5,373
Telephone	3,829	90	90	-	90	-	4,099
Travel	512	-	-	-	-	-	512
Training	656	-	-	-	-	-	656
Repairs and maintenance	-	-	71	-	-	-	243
Postage	351	-	-	-	-	-	351
Miscellaneous	-	-	-	-	-	-	-
Total expenses before depreciation	168,666	6,516	2,420	87,871	9,154	1,564	322,780
Depreciation of furniture and fixtures	-	-	-	-	-	-	-
Total expenses	\$168,666	6,516	2,420	87,871	9,154	1,564	322,780

The accompanying notes are an integral part of these financial statements.

GREEN RIVER MEDICAL CENTER
Statement of Functional Expenses
For The Year Ended May 31, 2005

	Support Services			
	Administration	Facility	Patient Records	Total
Salaries	\$59,821	6,768	25,960	92,549
Payroll taxes and fringe benefits	<u>21,099</u>	<u>2,288</u>	<u>8,781</u>	<u>32,168</u>
Total Salaries and related expenses	<u>80,920</u>	<u>9,056</u>	<u>34,741</u>	<u>124,717</u>
Supplies	4,798	1,117	-	5,915
Data line service	7,403	-	-	7,403
Postage	1,405	-	-	1,405
Utilities	-	3,543	-	3,543
Repairs and maintenance	7,743	6,015	-	13,758
Equipment under \$300	-	-	-	-
Telephone	2,061	-	-	2,061
Travel	8,479	-	-	8,479
Training	3,538	-	-	3,538
Insurance	2,274	-	-	2,274
Rent	-	24,000	-	24,000
Professional dues	2,534	-	-	2,534
Fees	836	-	-	836
Professional fees	5,306	-	-	5,306
Bank Charges	606	-	-	606
Miscellaneous	<u>2,494</u>	<u>-</u>	<u>-</u>	<u>2,494</u>
Total expenses before depreciation	<u>130,397</u>	<u>43,731</u>	<u>34,741</u>	<u>208,869</u>
Depreciation of furniture and equipment	<u>-</u>	<u>23,779</u>	<u>-</u>	<u>23,779</u>
Total expenses	<u>\$130,397</u>	<u>67,510</u>	<u>34,741</u>	<u>232,648</u>

The accompanying notes are an integral part of these financial statements.

GREEN RIVER MEDICAL CENTER

Statement of Cash Flows

For The Year Ended May 31, 2005

CASH FLOWS FROM OPERATING ACTIVITIES:	
(Decrease) in net assets	\$ (12,763)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	26,590
(Increase) decrease in operating assets	
Accounts receivable	(18,238)
Employee receivable	1,478
Inventory	(742)
Prepaid insurance	(1,614)
Prepaid rent	5,000
Increase (decrease) in operating liabilities	
Accounts payable	22,602
Accrued compensated absences	1,668
Accrued payroll taxes	<u>1,487</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	25,468
CASH FLOWS FROM INVESTING ACTIVITIES:	
Payments for furniture and equipment	<u>(51,602)</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(51,602)</u>
NET DECREASE IN CASH	(26,134)
BEGINNING CASH	<u>78,011</u>
ENDING CASH	<u>\$ 51,877</u>

The accompanying notes are an integral part of these financial statements.

GREEN RIVER MEDICAL CENTER

Notes To Financial Statements

For The Year Ended May 31, 2005

(1) Organization and Significant Accounting Policies

- a. The organization was organized as a Utah nonprofit corporation within the meaning of the Utah Nonprofit Corporation and Cooperative Association Act on April 15, 1959.

The corporation is organized and operated exclusively for the promotion of medical welfare on an outpatient medical care at a reasonable cost and on a non-profit basis to persons residing in Emery and Grand counties.

- b. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
- c. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method.
- d. The Organization maintains all of its cash balances in one institution in two separate accounts. These balances are insured by the Federal Deposit Insurance Corporation up to \$100,000.
- e. The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition the Organization presents a statement of cash flows.
- f. Inventories are valued at the lower of cost (first-in, first-out basis) or market.
- g. Bad debts are recorded using the direct write-off method.
- h. Green River Medical Center records the value of donated goods or services when there is an objective basis available to measure their value. Donated space is reflected as contributions in the accompanying statements at its estimated value at the date of receipt. No amounts have been reflected in the statements for donated services, as no objective basis is available to measure the value of such services.

GREEN RIVER MEDICAL CENTER

Notes To Financial Statements - Continued

(1) Organization and Significant Accounting Policies - continued

- i. Revenue from patients is accounted for under a fee system established using guidelines and procedures developed by the U.S. Department of Health and Human Services. When Medicaid or an industrial insurance reimburses less than the full charge, the patient is informed of the Sliding Fee Scale, and the balance adjusted accordingly. Amounts in excess remain as full charges to another third party or to the private individual.
- j. Green River Medical Center qualifies as an exempt organization under Section 501(a) and 501(c) (3) of the Internal Revenue Code and therefore has no provision for income taxes.
- k. Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Unrealized gains and loss are included in the change in net assets.

(2) Government Grant

On June 1, 2001, Green River Medical Center was awarded a five year grant from the Department of Health and Human Services for federal funds. During the contract period from June 1, 2004 through May 31, 2005, \$309,962 was awarded, received and expended.

(3) Donated Materials and Services

Green River Medical Center entered into a lease agreement for space with the City of Green River for the clinic on September 25, 1997 to begin on the date the premises are occupied and continue for a term of ten years. Renewals are for additional ten year periods unless terminated by the City or Tenant upon sixty days written notice. The value of this lease has been included in the financial statements as follows:

Revenue:	
Public Support - Contributions	<u>\$19,000</u>

Expenses:	
Facility - rent	<u>\$19,000</u>

The Organization made a prepayment to the City of \$50,000 for construction of the new Clinic. This amount is being amortized over the initial lease term of ten years with \$5,000 being expensed during the period ended May 31, 2005.

Additionally, Emery County made a contribution of cash in the amount of \$24,000 and an individual made a donation in kind for supplies and equipment.

GREEN RIVER MEDICAL CENTER

Notes To Financial Statements - Continued

(4) Contracted Services

On October 1, 2003, Green River Medical Center entered into a medical provider contract with Mel Ray, PA-C, Inc. to provide the Center's patients with the services of a mid-level provider for a period running from October 1, 2003 to September 30, 2004. The Center is to reimburse the Corporation for the mid-level provider's salary in the amount of \$6,710 per month or \$80,519 per year. During fiscal year ended May 31, 2005, \$30,690 was paid for contracted services. Effective October 1, 2004 Mel Ray became a paid employee directly with the Center and was paid \$18,184 in wages until December 31, 2004.

On February 4, 2005, Green River Medical Center entered into a medical provider contract with Kim T. McFarlane to provide the Center's patients with the services of a physician assistant (PA) for a period running from February 1, 2005 to January 31, 2006. The Center is to pay Kim \$75,000 in salary and \$50 per hour for callback time during the first contract year. During fiscal year ended May 31, 2005, \$26,076 was paid for PA services.

During 2005 the Center contracted with Dr. Allen, \$600 for each one-half day per week that she is at the Center to provide services to Center patients. The physician is to submit forms necessary to obtain approval from the Utah Division of Professional Licensing for the use of a physician assistant, provide verification regarding supervision of the physician assistant, and to provide the Center one-half day as arranged in conference between physician and Center. During the year ended May 31, 2005 Dr. Allen was paid \$4,900.

The Center had contracted with Dr. King, \$500 for each one-half day per week that he is at the Center to provide services to Center patients. The physician is to submit forms necessary to obtain approval from the Utah Division of Professional Licensing for the use of a physician assistant, provide verification regarding supervision of the physician assistant, and to provide the Center one-half day as arranged in conference between physician and Center. During the year ended May 31, 2005 Dr. King was paid \$7,500.

The Center pays Brian Goodwine, D.D.S. \$650 for each day that he is at the Center to provide services to Center patients. Additionally, the Center pays for emergency services at the rate of \$50 an hour for hours worked over the regular eight hour day. During the year ended May 31, 2005 Dr. Goodwine was paid \$13,700.

The Center pays G. O. Miller, D.D.S. \$650 for each day that he is at the Center to provide services to Center patients. Additionally, the Center pays for emergency services at the rate of \$50 an hour for hours worked over the regular eight hour day. During the year ended May 31, 2005 Dr. Miller was paid \$15,050.

The Center has contracted with Four Corners Community Behavioral Health, Inc. (FCBHI) to provide mental health services to Center patients by a licensed clinical social worker. During the year ended May 31, 2005, FCBHI, was paid \$22,917.

GREEN RIVER MEDICAL CENTER

Notes To Financial Statements - Continued

(4) Contracted Services - continued

The Center has sub-contracted with Carbon Medical Service Association and Utah Navajo Health Systems to provide mental health services to their respective service areas in connection with a portion of the federal grant that was awarded to the Center. During the year ended May 31, 2005, Carbon Medical Service Association and Utah Navajo Health Systems were each paid \$32,477 respectively.

(5) Furniture and Equipment

Furniture and Equipment consist of the following:

Furniture and equipment	\$275,897
Less accumulated depreciation	(160,498)
	<u>\$115,399</u>

(6) Pension Plan

The Clinic sponsors a defined contribution pension plan that covers all full time employees. Contributions to the plan are based on three and one half percent of gross wages. For the year ended May 31, 2005, the amount of the pension expense was \$3,546.

(7) Restrictions on Assets

Permanently restricted net assets consist of fixed assets acquired with a grant of assets from the State of Utah, Department of Health, Bureau of Emergency Services, for the purpose of biohazard containment and control. If the Center closes then these assets will revert to the State of Utah for placement in another facility for the purposes provided.

(8) Contingencies

- a. The company receives grants, which are subject to review and audit by government agencies. Such audits could result in a request for reimbursement by the agency for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of management, such disallowances, if any will not be significant.
- b. The Company has no other known contingent liabilities, litigation or claims as of the date of this report.



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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Green River Medical Center

I have audited the financial statements of Green River Medical Center (a non-profit organization) as of and for the year ended May 31, 2005, and have issued my report thereon dated September 22, 2005. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Green River Medical Center's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, I noted certain immaterial instances of noncompliance, which I have reported to management of Green River Medical Center in a separate letter, dated September 22, 2005.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Green River Medical Center's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect Green River Medical Center's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions include an incomplete reconciliation of all subsidiary schedules to the general ledger. Management has concurred with this condition and is amending the appropriate Policies and Procedures to correct and monitor these deficiencies.

Board of Directors
Green River Medical Center
Report on Compliance and Internal Control GAS
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A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I believe that none of the reportable conditions described above is a material weakness. I also noted other matters involving the internal control over financial reporting, which I have reported to management of Green River Medical Center in a separate letter dated September 22, 2005.

This report is intended solely for the information and use of management, Board of Trustees, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Salt Lake City, Utah
September 22, 2005